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# **POVERTY AND INSTITUTIONAL REFORM**



**a report of  
the Ontario Economic Council**



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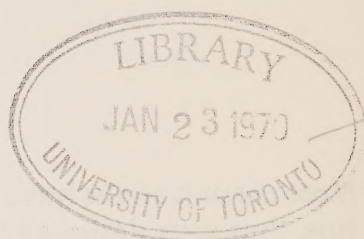
# **POVERTY AND INSTITUTIONAL REFORM**

**"Most organizations have a structure that was designed to solve problems that no longer exist."**

*JOHN W. GARDNER, Former Secretary of  
the United States Department of Health,  
Education and Welfare.*

**a report of  
the Ontario Economic Council**

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## FOREWORD

In our recent publication "Government Reform in Ontario" the Ontario Economic Council set out its views on regional government in Ontario.

Our goal was not to provide a blueprint for action but rather to set out the problems and to indicate the principles against which specific reforms might be evaluated. We published the booklet in the hope that it would contribute to public understanding of the issues involved.

The reaction, in terms of discussion in the media and requests for copies from the public, was most gratifying.

This is the second publication in what we hope may be a continuing series dealing with economic, social and political issues related to the central problem of governmental reform. As in the first booklet, we are dealing with change and its impact on private and public institutions. This time, however, the subject is the problem of poverty.

Once again we do not offer any panacea. Instead we offer a viewpoint from which the reader may perhaps better understand the complexity of poverty in an affluent society and thus judge the validity of the specific programs that now exist or may in future be suggested.

While our approach to the question of poverty is from a different perspective than that adopted by the Economic Council of Canada in its Sixth Annual Review, the two Councils reach similar conclusions.

We believe that poverty is a real and acute problem in our country and in our province. But we are equally convinced that the problem cannot be solved unless there is a much better understanding of its nature.

This report, therefore, is directed primarily to the question of the nature of poverty in our industrial society. Its author is D. R. Richmond, senior economist of the Ontario Economic Council.

W. H. CRANSTON  
CHAIRMAN





## SUMMARY AND CONCLUSIONS

(Poverty is a residual of change.)

In the transformation of our society from a basically agricultural, rural economy to an industrial, urban economy, the majority of Canadians acquired substantially higher levels of personal income. But many did not.

There are a variety of explanations offered. Some are based on the lack of individual effort; others stress environmental factors. None, however, provides the full answer.

(The failure of people, industries or regions to adjust to change is fundamental to the existence of widespread poverty in an affluent society and the reasons can be found in the process of change itself.)

(Change operates unevenly within a society. There are always some individuals, groups or industries in the forefront, leading the way. There are always some individuals, groups or industries that lag behind.

(Those who do not change inevitably find that the world has passed them by and that their values and behaviour patterns are no longer relevant. They find that their standard of living has fallen below that of society as a whole.)

These are the poor. They are not equipped to obtain a reasonable income through participation in the economic system. They lack the skills, the education, the motivation. Lacking income, they are unable to acquire essential goods and services. Poor diets, ill health, inadequate housing and a host of other environmental factors interact to prevent them from breaking the culture of poverty.

The tragedy is that the large measure of mass affluence sired by the industrial system we have created has the potential of ensuring that its benefits can be much more broadly shared.

To remedy this situation, we have brought into being a wide range of government programs under the banner of the welfare state. However, despite our best efforts, despite all the changes and improvements in our welfare programs, one out of every five Canadians still lives in comparative poverty.

Another major thrust has been the emphasis placed on economic growth. The argument here is that if we increase the size of real incomes per capita, the problem of poverty will be solved. But, although we have had almost 30 years of growth, one out of every five Canadians still lives in comparative poverty.

All too often the debate over the existence of poverty centres on disputing claims over the actual number of people that can be classified as poor. We do not intend to put precise figures forward in an attempt to prove that poverty is a major problem in Canada. We accept, as a working definition, the view expressed by the Economic Council of Canada that poverty is a fact of life for some 20 per cent of Canada's population.

That the circumstances vary, that the relative degree of poverty varies from area to area and from person to person, cannot be contested. We feel, however, that the roots of poverty rest in the process of social change and that the income and other methods of classifying poverty are inadequate either to measure precisely its incidence or its cause.

\* It is because of the relationship that exists between social factors and societal change that we are convinced that our assumptions about the welfare state and about the benefits of economic growth miss the central feature of poverty. (As long as people have values and life styles that inhibit their ability to adjust to changing conditions, they will not be able to participate in a meaningful way in the broader society.)

No small part of the answer then is to adjust the institutions of the broader society to take into account the values and life-styles of the poor. The reform of our social and economic institutions, is, therefore, essential.

For example, we must ensure that our institutions (labour unions, corporations, political parties, etc.) facilitate the involvement of the poor. (Only if we can integrate the poor into society will the problem of poverty become manageable.)

As long as the poor remain on the outside looking in, as long as they are the perpetual clients of the government bureaucrat or the voluntary association, they cannot be anything more than second class citizens.

The integration of the poor into the mainstream of Canadian society is a two-way street and will be very difficult to accomplish. Barriers to social mobility and economic opportunity exist in all our institutions. Corporation hiring and promotion policies, labour union activities, inadequate educational facilities, and a host of other factors operate to impede integration. The barriers must be removed.

The process of institutional reform, of course, involves government along with institutions in the private sector. Political reform is necessary to ensure adequate representation of the poor in the public decision-making process. At the administrative level it is necessary to ensure that anti-poverty programs are coordinated to form a comprehensive whole. (We can no longer afford the luxury of the patchwork quilt approach to our existing, often ineffective, welfare and developmental programs)

There is a pressing need to create new methods of handling poverty. We need more information. We need more flexibility and selectivity in our approach.

We have, in the past, tended to apply general programs on an across-the-board basis to meet problems that were basically different in origin and in severity. The universalistic approach has involved enormous cost and has failed to get at the real roots of poverty.

To-day there is a pressing need for more specific, more localized and more concentrated effort to attack festering pockets of poverty that exist despite our past efforts. To accomplish this task we should rely far more heavily on experimental, action-research projects. From this will come the necessary knowledge and experience to build a bridge between the affluent and the poor and to make equality of opportunity more of a reality in our society.



## RECOMMENDATIONS

1. The accelerating rate of change in our society has created and continues to create serious problems of adjustment. Change itself creates barriers for the social and economic integration of many thousands of Canadians into the mainstream of our national life.  
Reform of our social and economic institutions to improve channels of communication with the poor is a first priority.  
 Labour unions, corporations, churches, professional groups, voluntary associations and other agencies should make every effort to provide for the active participation of the poor and for their economic and social mobility in our society.
2. The structure of government at all levels should be revised to ensure that anti-poverty programs are effectively integrated and that waste and duplication of effort is reduced to a minimum. The existing relationship between the bureaucracy and the poor as clients must be removed. The poor should be given every opportunity to become involved in the public decision-making process through more effective electoral representation and direct consultation in the design and implementation of programs.
3. While the process of institutional reform should be given highest priority, the environmental and individual problems associated with poverty must be attacked through effective public and private programs. Two principles apply in the implementation of specific programs:
  - a) every effort should be made to maximize the benefits to the recipient and to minimize the overhead or servicing costs;
  - b) the programs should be constantly reviewed to ensure that they do not lock people into poverty but provide avenues for economic and social mobility.
4. There should be more experimentation in the development of new approaches to deal with poverty in our society. Limited action-research projects should be introduced to test out new programs such as a guaranteed income scheme that may well be too expensive in terms of results.
5. There should be more research in the social sciences, both basic and applied, to develop the necessary knowledge required in the

development and implementation of new social programs. We need to stress problem-oriented research in all our social sciences and this will require a commitment in terms of funds that has not yet been appreciated in either the public or private sectors.

6. New structures developed to coordinate our efforts in the field of social and economic planning are needed. ~~Governments and the private sector must work together to integrate their efforts in research, planning and program implementation.~~ We can ill afford the existing confusion that pervades the social welfare field today.





# POVERTY AND INSTITUTIONAL REFORM

## Introduction

In 1965 the federal government launched its "war on poverty" with the establishment of a Special Planning Secretariat in the Privy Council Office. The first task of this group was to convene in Ottawa in December, 1965, a national conference on poverty. The papers prepared for this conference were given wide distribution.

While the conference helped to focus public attention on poverty, it had no lasting impact. This failure can be attributed to a number of factors: the lack of accurate and up-to-date income statistics; the general buoyant state of the economy at the time; the political climate; and the identification of poverty with regional income disparities or with specific groups in our society.

Unlike the United States, where the work of John Galbraith and Michael Harrington had focused attention on poverty, in Canada our attention had been centred on regional problems and few attempts had been made to translate these differences in per capita income levels into human dimensions.<sup>1</sup>

This limited perspective can be readily seen in the programs introduced in the early 1960's: area development (ADA) and the Agricultural Rehabilitation and Development Act (ARDA). The ADA program concentrated on attracting industry into "designated areas". ARDA, in the first agreements for 1962-65, was concerned with proper land utilization and soil and water conservation. Little attention was paid to people and their more immediate needs.

Generally speaking the Canadian approach was to provide employment opportunities by locating new industries in low income and high unemployment areas or adjusting resource use on the assumption that the people would automatically benefit.

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<sup>1</sup>Even though the Economic Council of Canada listed as one of its major objectives the equalization of per capita incomes, this was interpreted by the Council to mean regional disparities. The Fifth Annual Review saw a shift in the emphasis to the social problem.

The first comprehensive look at the poverty problem in Canada was provided by the Ontario Federation of Labour in its publication "Poverty in Ontario 1964: Poverty in the Midst of Plenty". The Federation, using rough estimates of the "poverty line", analyzed income data from the census to demonstrate the existence of widespread poverty in Canada and Ontario. Unfortunately the lack of reliable data to support the "poverty line" assumptions limited the acceptability of the study.

Specific studies of the incidence of poverty in urban areas have also been produced.<sup>2</sup> In addition various aspects of urban poverty have been examined in such cities as Toronto, Montreal and Vancouver by the Social Planning Councils in these cities. Many of these studies suffer from the same lack of reliable income and expenditure data.

Using the non-farm family income statistics available in the 1961 census, ARDA produced special statistical material on the problem of low income rural, non-farm residents. This material led to the revision of the Act and the signing of new agreements for the 1965-70 period. These agreements provided for the inclusion of the rural poor in the planning of local rural development programs. In the introduction to the 1965-70 agreement, the federal Minister of Forestry wrote that it "increased emphasis on programs to assist rural people to re-establish in new employment or resettle in areas where opportunity may be better."<sup>3</sup>

The Economic Council of Canada, using as its basic data the 1961 income figures from the census, produced a chapter on poverty in the Council's Fifth Annual Review. With the climate of opinion now more prepared, the Council's pronouncement was met with general acceptance in the media. Poverty was given "official blessing": it now existed in Canada.

As a result of the Economic Council of Canada's study, the federal government announced the appointment of a Senate Committee on Poverty. This committee is now holding hearings on all aspects of poverty in Canada.

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<sup>2</sup>A major Canadian work is the publication by the Canadian Welfare Council, *Urban Need in Canada; A Case Report on The Problems of Families in Four Canadian Cities*; Ottawa, 1965.

<sup>3</sup>*Federal-Provincial Rural Development Agreement 1965-70*, Ottawa, 1965.

## The Problem of Definition

“The problem of poverty in developed industrial societies is increasingly viewed not as a sheer lack of essentials to sustain life, but as an insufficient access to certain goods, services and conditions of life which are available to everyone else and have come to be accepted as basic to a decent, minimum standard of living.”<sup>4</sup>

Poverty is both an absolute and a relative concept.

In the absolute sense, poverty can be defined in terms of a standard of life at or below a subsistence level — a level sufficient to maintain the continued existence of human life.

In the relative sense, poverty can be defined in terms of a standard of life that is considered adequate in relation to accepted norms in a society.

When the statement is made that 20 per cent of Canadians live in poverty, this must not be interpreted to mean that these people are poor in terms of a complete lack of access to goods and services, nor that their standard of living is at a subsistence level. What this statement does mean is that this group of Canadians does not command sufficient resources to obtain a standard of living that is considered adequate by Canadians generally.

This raises the whole question of the measurement of an “adequate standard of living”. Adequacy is related to the value system of a society, and these values, particularly in a society of rising expectations, are influenced by the pervasive impact of mass media advertising and change over time. This dilemma is best illustrated by our inability to differentiate between luxury items and necessities. Even if this distinction can be made, there remains the question of the quality and quantity of goods and services deemed essential.

In a money economy lack of resources is usually defined in terms of income. As the Economic Council of Canada points out, however, poverty is not solely an income problem. But in a modern industrial economy, income is a major determinant of social status and the ability to command resources necessary to satisfy one's needs. Generally speaking to be without adequate income is to be poor.

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<sup>4</sup>Economic Council of Canada, *Fifth Annual Review*, Ottawa, 1968, pp. 104-105.

Income also provides a convenient measure to determine the amount and degree of poverty in a society. This is particularly true in a society that provides for freedom of choice. It is almost impossible to measure the incidence of poverty in terms of any other social or economic variable, whether it be housing, clothing, education, occupation, age, state of health or any other factor.

There is, of course, a relationship between each of these variables and poverty. If, for example, an income measure for poverty is determined, it will be found that people with low incomes tend to have poor nutrition, bad housing, poor health, insufficient education, etc. These characteristics of poverty, while often used to describe the conditions in which poverty exists, are not necessarily symptoms of poverty. While the characteristics may be associated with poverty, it does not follow that everyone who exhibits any of these characteristics lives in poverty.

This limitation applies equally to the measurement of poverty in income terms. Income, however, has the advantage of convenience and of being a quantitative measure.

One of the chief reasons for our difficulty in coming to grips with poverty is that our perspective tends to be limited in scope. We tend to look at poverty from the point of view of those characteristics of poverty that outrage our moral sense.

Poverty, in and of itself, is too ambiguous and amorphous to offend. We are offended, however, by aspects of the human condition which we consider to be "not right".

We may be concerned primarily with aesthetics and attach great importance to proper housing, land use planning, and urban renewal. We may be concerned with the waste of human resources and stress the need for retraining and development of new employment opportunities.

All of these approaches are demonstrably worthwhile, given the assumptions on which they are based. The problem is that the assumptions are too narrow and related to specific characteristics of poverty rather than to the whole complex of characteristics associated with poverty.

What we need is a new perspective from which to examine poverty. This must be broad enough to encompass all the many facets of the



problem yet provide the essential insights necessary to form the basis for the development of economic and social policy.

A good starting point is the view best expressed by the phrase "the culture of poverty".<sup>5</sup> The idea of the culture of poverty is based on two central propositions. First, people living in poverty form a self-perpetuating subculture within a society. Second, this subculture exists outside the mainstream of the social and economic life in the society. In other words, there is a group in society which does not accept the dominant values and norms of the society in which they live. Nor is this group involved in the economic process by which income is distributed in the private sector on any permanent basis.

The poor form a specific social class with their own life-styles, attitudes and value systems which are quite different from those of the middle class. In a pluralistic society, such as Canada, there is a danger in oversimplifying reality by ignoring the existence of a multitude of differences between many subcultures.<sup>6</sup> But, even accepting the differences based on ethnic origin, there remains a social class at the bottom of the income scale that can be designated as poor, exhibits all the characteristics normally associated with poverty, and shares values, attitudes and behaviour patterns quite different from the dominant societal patterns.

The question becomes, therefore, how did this subculture of poverty develop and what can be done to bring the people in it into the mainstream of our society?

This question could be answered by examining the circumstances of each individual person but this list of problems would be far too extensive, and would be complicated by personal combinations of circumstances. We would find similarities in circumstances but this would simply lead us back to a list of the characteristics of poverty, the manifestation of the culture of poverty.

What is needed is a different approach, to ascertain what social or economic variable is capable of explaining the culture of poverty and its pertinent characteristics.

*That variable, we suggest, is economic and social change.*

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<sup>5</sup>The phrase was first used by Oscar Lewis in his book *The Children of Sanchez* and picked up by Harrington in *The Other America*.

<sup>6</sup>For a discussion of Canada's class system see John Porter, *The Vertical Mosaic*, Toronto, 1965.

## **The Process of Societal Change**

As Galbraith points out, the problem of poverty takes on a new meaning in the affluent society.

From an historical point of view, absolute poverty was the lot of the majority of mankind for most of man's recorded history.

In only a few countries, and only in the last two centuries, have substantial numbers of people lived at much beyond a subsistence level.

The transition that has occurred in industrial nations in the past two hundred years has been revolutionary in character. While remnants of earlier traditional and pre-industrial society remain in the urban-industrial society, the qualitative and quantitative changes have produced an entirely new social and economic framework.

This transformation can be most easily seen in terms of the degree of complexity of economic institutions and occupational patterns. In the main, pre-industrial societies are agriculturally-oriented and the bulk of the population is employed in this sector. In industrial societies only a small minority remains in agriculture and the bulk of the population, housed in urban areas, obtains its income from employment in secondary goods and service industries.

Poverty, in an industrial society, is both qualitatively and quantitatively different from poverty in pre-industrial societies. It is a result of the incomplete transition from pre-industrial to industrial society. In the transition, while many benefited, some did not. The existence of poverty amid plenty can best be explained in terms of the failure on the part of individuals, industries and regions to adjust to the technological, economic and social imperatives of change.

Our problem is to understand why, in the transformation of our society into an industrial society and a society of mass affluence, a culture of poverty remains the lot of a significant segment of our population.

Before answering this question a short digression into sociological theory might help clarify the main thrust of the argument.

A society is not simply a random collection of individuals. It is rather a complex of social, economic and political institutions. These institutions (social structures), and the functions they perform are

essential to the continued existence of the society and, hence, to the individuals who belong to the society.

The institutions may be simple or complex, a family or a giant corporation. They may have one function or many. But each institution forms part of a whole and together with the other institutions, compose the framework of the society.

The institutions, as such, do not interact with one another. Interaction takes place between individuals. The nature and function of the institutions, however, determine in large degree the behaviour patterns of the individuals. They create the setting within which relationships between individuals take place. For example, people live together in the social institution of the family and worship together in a church.

The interaction between individuals is usually seen in terms of roles. The institution determines the role played by the individual within that institution. Thus a man may be husband and father to his family, worker at his job, leader in his trade union and bon vivant at his social club.

The cement that holds the whole complex of individuals and institutions together as a society is the culture (the language, values and beliefs that permeate and maintain order within society). All aspects of the culture are interrelated and interdependent. The culture supports the institutional framework, ascribing roles, and providing the medium of communication and socialization — the language. The institutional framework is a reflection of the culture and values of the society, and the culture, in turn, is supported by the institutional framework.

This oversimplified explanation does not do justice either to sociological theory or the reality of a complex society. It does, however, indicate the essential nature of the interaction among individuals, societal institutions and culture.

How social and economic change operates within this model can best be seen by using a systems approach. The systems approach is based on a biological analogy. Thus a society can be described in terms of a living organism. The individuals are cells; the institutions are organs; and the society exists within an environment and shares that environment with other societies. The system is not closed but open, and is subject to pressures from the external world.

The impact of these external forces can be seen as inputs into the system. The inputs must be accommodated by structural adaptation or

the system will be destroyed. A biological analogy is the reaction of the human body in manufacturing anti-bodies to fight an infection.

The inputs into the system from outside are, of course, not the only source of change. The system itself is dynamic. It is not possible to say whether society, like the individual, has a life cycle and passes through stages of youth, maturity, old age, etc. Nor is it possible to determine whether the observable decline in the vigour and creativeness in certain societies is a result of external or internal forces. All that can be said with any assurance is that the system is unstable and constantly changing.

The particular constellation of structures, values and beliefs composing the system, at a point of time, can be said to be in a state of balance. But the tensions within the system, whether caused by pressures from outside or from within, are constantly disturbing the equilibrium.

This instability is, in part, the result of the imperfections in the institutions. All the social, political, and economic institutions have specific functions in the society. The family, for example, is the institution related to the rearing of children. But the family can also be an economic unit, and there is often conflict between the two functions — earning an income and raising children. This conflict between different functions performed by the same institution is one source of constant tension within the society.

For most of man's recorded history, the major influence on society has been environmental. Given a relatively low level of technology, man accommodated his institutions to his environment. He operated within a tradition-bound society with a relatively simple institutional framework, usually based on the family, and with a culture that reflected his dependence on the will of unseen but powerful forces associated with some supernatural being.

Technological advances, when they occurred, were gradually incorporated into the society. The traditional society was therefore able to react to and absorb change over a long time span. Change was sporadic and its impact softened through gradual response.

Nevertheless change took place. New social, political and economic institutions were developed and old institutions were adapted to meet new needs. Institutional change also required cultural adaptation. New



myths and new values were incorporated into the culture to reinforce the new patterns of behaviour. Because change was gradual, indeed almost imperceptible, the whole society was involved in the transformation.

From our modern perspective, traditional societies appear to be stable or even stagnant. We fail to realize that change in these societies was measured on a different time scale.

The Renaissance and Reformation laid the ground work for the scientific-industrial revolution. The decline of the feudal system, the rise of the nation state, the monetization and diversification of the economies, the specialization of labour, the emergence of new social classes, the recovery of the city and the increase in the trade created a ground highly receptive to the new philosophic ideas embodied in rationalism, scientism, progress and the protestant ethic. A unique combination of circumstances (structural change in the institutional framework and change in value systems) provided the necessary pre-conditions within which the industrial revolution could take place.

The industrial revolution was, in effect, the transformation from a highly developed pre-industrial society to an industrial society. This transformation, however, was not accomplished easily. In England it was achieved at an enormous price in terms of human suffering and misery. In France, a revolution was required before the emergent capitalist class was able to wrest political power from the narrow aristocratic elite.

The industrial revolution brought with it an entirely new time dimension in terms of the demands placed on society to adjust to technological change. In earlier centuries society had generations to alter institutions and values to compensate for change. Industrialism demanded constant and accelerating change in institutions and the culture of the society.

Science and technology gave man the tools to alter his environment to meet his own needs. Thereafter the only limitation to change was man's own ability to adjust his institutions and his culture to accommodate change.

Institutions which had served society well for thousands of years were made obsolete almost overnight. New, more complex institutions had to be created. Values, which had rationalized and sanctified the



old institutions, had to be discarded, and new values had to be spread throughout society and integrated into the culture.

Obviously change presents serious problems to any society and the more rapid the change, the more serious the problem. Society does not and cannot transform itself easily. The process of adaptation does not operate on all institutions and all values simultaneously. There are leads and lags in the institutional framework and in the culture. Those institutions which are in the vanguard of change come into conflict with the institutions which embody traditional patterns of behaviour. New values clash with old.

### **Poverty: The Product of Change**

We face two related problems. First, the rate of change in the economy is accelerating. Second, change is uneven in our society and while some institutions and values lead in the process, others lag.

The process of change itself creates poverty. Whenever social and economic institutions and the value systems supporting these institutions lag behind the changes occurring in the general framework and culture, the result is poverty.

The culture of poverty is, therefore, the residual of change. It is composed of those institutions and their supporting value systems that exist outside the mainstream of our society.

Two examples, one urban and one rural, can be used to illustrate this point. Sociological studies of slum dwellers in large urban centres have shown that particular groups have life styles, value systems, occupational patterns and income levels that interact to keep them in poverty.

S. D. Clark's study of the Lower Ward area of Toronto deals with a Canadian group of British extraction. This group exhibits a life style and value system quite different from the middle class norms that stress educational attainment and occupational mobility. They are not concerned with "getting ahead". They have no aspirations for a career. They are content with their present living standards and their attitudes and values.

From the point of view of the definition of poverty suggested by the Economic Council of Canada (insufficient access to certain goods, services and conditions of life which . . . have come to be accepted as basic to a decent, minimum standard of living), many of these people live in poverty.

It can be argued that the people of the Lower Ward are not poverty cases even though they exhibit many of the characteristics of case poverty and fit the definition proposed by the Economic Council of Canada. It can be said that these people are content with their living standards and do not choose to accept so-called middle class norms.

This point of view is valid, but only to a point. In a free society people can choose to be poor. If this choice is the result of a rational decision, there is no reason why government or anyone else should interfere in their lives unless they are restricting the freedom of choice of other members of the community. Unfortunately, this theoretical defense of individual freedom does not apply in practice. There are other individuals involved — the children.

When the children grow up in a poverty setting they suffer from the environmental conditions associated with poverty: inadequate housing, poor nutrition and improper health services among others. But more than this, they adopt the attitudes, behaviour patterns and life styles of their parents. They do not take advantage of educational opportunities open for them, or they may have inadequate educational facilities. In reality they have no choice because they have been conditioned to accept a particular set of values. This is, of course, the essence of the culture of poverty, a self-perpetuating system.

There is a real need to ensure that such people have the opportunity to make a rational choice. The least that can be done is to eradicate the environmental factors associated with poverty. But it is equally important to ensure that the people living in the culture of poverty are given the opportunity to change. Anything less than this will simply perpetuate the problem for future generations.

The impact of change can be seen more easily in the less complex rural setting. The subsistence farm has been, since the first European settlement of Canada, an integral part of our rural society. At one time in our history, the majority of our population lived on subsistence farms, selling surplus produce in the market for a money income necessary to obtain those goods and services they could not themselves produce. For most of our farmers, this is past history. In response to changing conditions, they either moved to commercial agriculture or left the farm altogether. But some did not change.<sup>7</sup>

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<sup>7</sup>For a discussion of the problems of agriculture see *The Report of the Special Committee on Farm Income in Ontario: The Challenge of Abundance*.

The plight of the small-scale family farm is one of the best examples of the process of change and its relationship to poverty. As rural society tends to be less complex, the self-perpetuating interaction between institutions, values and behaviour can be seen more clearly than in the urban setting. The important point to note, however, is that the existence of poverty in both the urban and rural society can be traced to the inability or the unwillingness of individuals and families to adjust to changing conditions. By retaining values and life styles that are not relevant to a changing society, by remaining in occupations that do not pay an adequate income, they become trapped in the culture of poverty.

This same analysis can be applied to the most severe poverty problem in Canada — the Indian. Here, of course, it is not a problem of a group falling behind in the process of change. Up to this point the examples used have dealt with people who at one time shared the dominant values of society within a common culture. The Indians represent the situation where a group in a society has a completely different cultural heritage. This problem is faced, to a lesser degree, by all the ethnic groups in Canada which do not belong to either of the two dominant Canadian cultures.

And, to a certain extent, the French-speaking Canadian justifiably feels that Canadian society is predominantly oriented toward the values of the English-speaking majority, to the detriment of his values and his culture.

Some writers, notably Galbraith, have used the concepts of case (individual) poverty and insular (regional) poverty to classify poverty into two predominant types. This has the advantage of making a distinction between such factors as the depletion of resources in an area as a cause of general poverty and the specific personal problems of individuals. The major drawback of this approach, however, is that the two types are not mutually independent. Both case and insular poverty can in many specific instances be found as influential factors.

The analysis of poverty in terms of societal change incorporates both points of view. Thus case poverty can be seen in terms of the inability of the individual to adjust to change, while insular poverty can be seen in terms of the failure of a region or a particular industry in a region to adjust to change.

Viewed from this perspective, the inadequacies of the existing anti-poverty programs can be seen. We have attempted to treat poverty in

terms of its symptoms. We have reacted to those characteristics which we felt were inadequate to our objective of providing for all Canadians "a decent, minimum standard of living".

The net result is a hodge-podge of programs that have been called aptly "the band-aid approach". Because we have not attacked the basic problem, the need for change in institutions and values, our efforts, at best, have been stop-gaps.

## **Social Rights and Poverty**

As suggested above, anti-poverty programs have tended to be specific and limited in nature. They have been based on the political response to given, finite problems. Hence workmen's compensation was developed to deal with the problem of industrial accidents, unemployment insurance dealt with income maintenance of unemployed workers, welfare programs were developed to meet the needs of the blind or the deserted mother. And the list goes on.

In short, our approach to poverty was conditioned by our response to the particular needs of particular groups who were deemed "needy" and worthy of public assistance. Our attention was focused on groups which seemed to have related problems. We argued that since they exhibited common characteristics, the causes must be related and the general program applicable.

This simplistic view of the overall problem of poverty is not necessarily deficient. Indeed, because it relates the program to the needs of individuals, it is inherently flexible.

But several major difficulties with this approach are apparent. First, the programs tend to be operated by different agencies of government and voluntary agencies. This increases the difficulty of horizontal integration. Second, the programs deal with specific groups and thus there are many thousands of individuals or families who may not qualify under the terms of the different programs. Third, the levels of financial support or services may vary significantly from program to program. Fourth, vertical integration is made more difficult because different levels of government and private agencies are responsible for administration. Fifth, government policy tends to reflect the ability of particular interest groups to generate public support for their problems, and the poor in our society tend to be politically inarticulate, particularly in rural areas.



There are, of course, other weaknesses in the existing patchwork of anti-poverty programs. In the main, the problems listed above are related to the structural deficiencies in our system. There are too many agencies at too many levels engaged in the provision of services and financial support for people. In this situation it is surprising that there is as much consistency of approach as actually exists.

A specific example might help to clarify the confusion that now exists. If a head of a household loses his job he can, if covered by unemployment insurance (a federal program under the Unemployment Insurance Commission), obtain benefits for a period of time, depending on his accrued benefits under the scheme. He may apply to another federal agency, The Canada Manpower Centre, for a variety of assistance programs (retraining allowances, mobility grants). If he is unable to find work and his benefits run out under the Unemployment Insurance Commission, he may apply to the municipality for general welfare assistance. If he is deemed to be unemployable, the province can step in to provide assistance directly under a categorical assistance program. While he is receiving assistance, his medical and hospital insurance premiums will be paid for by the province. Family benefits and youth allowances will also be paid by the federal government.

The example used here is not exhaustive in its coverage of the agencies and programs available. It does, however, indicate the variety of different programs operated by different departments and different levels of government that can come into play as the circumstances change. In addition to the government agencies involved, there are a variety of voluntary and other groups, some supported by government finances, that may be involved.

The rationale underlying these programs is very important because of the changing assumptions that have been made about the nature of welfare. We have, over a period of time, recognized that the transition from a predominantly rural society to an urban society has limited the individual's control over his own security and well-being. In an agricultural society, unemployment is not a very meaningful concept. While labour on the farm might well be underemployed and underpaid, unemployment is not a particularly grave social and economic problem. In an industrial society, where the bulk of the labour force has no tie with the ownership of productive capital or land, unemployment is a very serious problem.

In our modern urban and industrial society, man must depend upon others for his sustenance. His command over the resources required to meet his needs depends upon his ability to participate in the production-distribution process of the economy. He works for wages and he is limited in his ability to provide for his own security through his own efforts. He has nothing to fall back on if he loses his job except his personal savings.

Government has been called upon increasingly to intervene to ensure that the individual and the family have adequate protection against the vagaries of the business cycle. Government has also been asked to introduce programs guaranteeing the financial security of individuals and to protect them from the crippling costs of health and hospital services. In short, the individual has been relieved of a significant portion of his responsibility to provide for his own security through collective action on the part of his government.

While this may be decried by many as "creeping-socialism", it is a fact of life. It is the essence of the welfare state which has emerged in every nation in Western Europe and North America. The welfare state is simply the recognition that relatively few individuals in an industrial society can go it alone and thus must depend for their security on collective action.

This concept is best expressed in the 1948 United Nations Universal Declaration of Human Rights:

"Article 25. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control."

As the Canadian Welfare Council points out this is an expression of social rights and social rights "tend to have a relative character, gradually changing as a society's attitudes, values, mores and resources change".<sup>8</sup>

The idea of the social rights of individuals and their families is basic to the welfare state. We have accepted the need for collective action to

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<sup>8</sup>Canadian Welfare Council, *Social Policies for Canada Part I*, Ottawa, 1969, p. 1.

ensure the "social rights" of individuals and families. The extent to which we are prepared to use government programs and make financial commitments varies. The system we have erected reflects both our changing attitudes and the extent of our commitment to specific kinds of problems that we are prepared to recognize as relevant to collective action.

### **Poverty as a Personal Problem**

It would not be quite correct to assume that there is universal acceptance of the concept of social rights. In the eyes of many, collective social security and the welfare state are parasitic growths that are draining our society of its vitality and creativity.

While this view of the welfare state may not be widespread we should realize that it at least influences our approach to social problems.

This attitude has deep roots and is best exemplified by the views that were widely held in the late nineteenth and early twentieth century. Based on the evolutionary theories of Charles Darwin and the social theories of Herbert Spencer, social-darwinism saw society in the terms of the survival of the fittest. The poor were those who were unable to compete in a competitive world.

While the approach to the underlying forces in society which result in poverty, as seen by the social-darwinist, is quite similar to the analysis of this paper, the conclusions that are drawn are quite different. To the social-darwinist the fault lies in the inability of the individual to adjust to changing circumstances because of his moral turpitude or innate laziness. Poverty is, therefore, a personal problem and little can be done to help the individual because he will not make the effort to help himself.

In this theory, welfare becomes simply a handout. The support provided in welfare programs is seen as a waste or a drain on the productive capacities of the nation. There is an obligation to assist the poor, but this obligation is moral in nature.

This approach to poverty is no longer held in an extreme form by a majority. There is a recognition that changes in economic institutions have reduced the individual's ability to provide for his own security. Nevertheless, the social-darwinist approach is reflected in the

attitudes of many in their concept of the problem of poverty and the type of programs necessary to solve it.

Moreover it would be foolish not to realize that there is a great deal of truth in the view of poverty as inherently a personal problem. The "environment is to blame" school ignores the ultimate responsibility of the individual and places the blame for poverty on society. If this view is accepted, it is easy to justify collective action by government as the sole cure for poverty.

There are always some people who are too lazy or too stupid to do anything about their own condition. Heredity is a further factor that must be taken into account in any realistic examination of the problem.

Unfortunately, however, the lazy or stupid tag is often used to explain poverty when this explanation is patently wrong. How many times has the Indian been described as lazy? This simplistic view does not recognize that the problem of poverty with the Indian is closely linked with cultural conflict.

The Indian has a completely different value system and life style. Because he is an Indian, he acts in ways that we do not understand and when we judge his actions, we do so by applying our standards and values. What looks to us as irrational behaviour is rational, given the Indians' frame of reference.

In short, both the heredity and environment points of view are valid up to a point. Neither one can, however, explain poverty satisfactorily by itself. And, whatever our motives for wanting to do something about poverty, we should recognize the existence of people who reject change out of hand as well as those who may accept the need for change but who are incapable, through their own efforts, to deal with factors beyond their control.

## **Poverty and Economic Growth**

A more sophisticated approach to poverty is exemplified by those who advocate the growth of the economy as the cure for our social ills. This school of thought agrees that poverty is a problem of adjustment. The answer, therefore, is to open up new channels of opportunity by ensuring that jobs are created. Hence the emphasis is placed on equality of opportunity, economic growth and full employment.



From this perspective poverty is seen as a waste of resources in our economic system. The answer, therefore, is to bring these resources into the production process and limit welfare to provide assistance to those who cannot work. Governmental intervention in the economic process is acceptable, indeed necessary, to perfect the deficiencies of the operation of a market economy. Because the labour market is imperfect, a manpower policy is necessary to ensure that the supply and demand for workers is matched. Keynesian economics provides the rationale for government intervention in the private sector to secure adequate growth. Monetary and fiscal policy are used to moderate cyclical swings, restrain inflation and maintain a viable balance of payments. The job of government, therefore, is to do what it can to ensure that the economy grows at a rate necessary to provide jobs for a growing work force and raise the per capita levels of income. Special programs are necessary to help the individual to adjust and to provide assistance to those who are unable to obtain an adequate living standard from participation in the economic process.

The problem with this approach is that it does not get at the social roots of much of our poverty. It ignores the influence of life styles and value systems on the behaviour and attitudes of people. It assumes degrees of social, geographic or occupational mobility that simply do not exist. It sees people as impersonal inputs of an economic model and fails to recognize that people are not interchangeable resource units that can be plugged into the system.

The most telling argument against the growth approach is that the empirical evidence on income distribution shows that no significant change has been achieved in the post-war era, despite almost uninterrupted economic growth and prosperity.

Table I opposite shows that the increasing prosperity of the United States has not been reflected in substantial shifts in the distribution of income.

The share of the highest fifth has declined from 43 per cent to 41 per cent, the middle and fourth fifth have been the beneficiaries. The two bottom groups have not closed the gap.

Similar historical data is not available for Canada. However the 1965 Income Survey undertaken by the Dominion Bureau of Statistics shows that the distribution of aggregate income by families and un-

attached individuals is not markedly different from the U.S. pattern in 1947.

**TABLE I**  
**PERCENTAGE INCOME DISTRIBUTION FOR FAMILIES**  
**U.S.A. — 1947 AND 1965**

	1947	1965
Lowest Fifth	5	5
Second Fifth	12	12
Middle Fifth	17	18
Fourth Fifth	23	24
Highest Fifth	43	41

*Source:* Statistical Abstract of the United States, 1968.

**TABLE II<sup>9</sup>**  
**PERCENTAGE INCOME DISTRIBUTION FOR**  
**FAMILIES AND UNATTACHED INDIVIDUALS**  
**CANADA, 1965**

	1965
Lowest Fifth	4
Second Fifth	12
Middle Fifth	17
Fourth Fifth	23
Highest Fifth	44

*Source:* Estimated by the Ontario Economic Council based on data from Income Distribution by Size in Canada, 1965.

In short, the growth of the economy has not resulted in any marked change in the pattern of income distribution.

It can be argued, of course, that while the distribution of incomes was not changed as a result of growth, the total income pie that is distributed is much greater and, therefore, everyone is better off.

It is true that there has been a substantial rise in the median incomes in all income groups. To the extent that this reflects gains in real incomes (where the increase in money income exceeds the increase in

<sup>9</sup>The historical data provided in the 1965 study is not comparable because earlier income surveys were restricted to urban and non-farm families. The 1965 survey included all Canadians for the first time.

the cost of goods and services), it follows that the position of the poor has improved over time.

The problem with this argument is that poverty is a relative concept. As our society becomes richer, our attitudes about a “decent, basic standard of living” change. The norms of society are established by the dominant middle class. Thus the low income groups, until they have a more equitable share of the total income pie, are always poor by definition.

And when the standard of living of large numbers of people in the bottom fifth income group is barely at subsistence level, poverty is a real and meaningful concept in the absolute sense as well.

It does not follow that the answer is simply more growth. If we have been unable to make a significant change in the share of income of the bottom fifth of the population, despite the unprecedented growth of the past thirty years, there is little reason to believe that further growth will answer the problem.

On the other hand, the proliferation of programs that has gone on in response to specific needs has not done the job either. We are in a situation where neither the advocates of the “social rights” point of view nor the advocates of economic growth can point with pride to their accomplishments. Despite all our best efforts to date, poverty remains a fact of life.

### **Breaking the Circle**

Much of the confusion that exists in contemporary discussions about poverty reflects two different attitudes about our society. On the one hand, there are those who see the dominant middle-class value system as “good” and, therefore, the problem boils down to ensuring that everyone is integrated into the system. The answer is economic growth, jobs, training, better housing, better medical and educational services. This, in essence, is the “Great Society” approach.

The major criticism of this approach comes from the political left. This view does not accept the contention that the present society is “good”. Indeed the New Left critic insists that society is “rotten”. His answer to poverty, therefore, is not to integrate the poor into the middle-class system but rather to destroy that system and to build anew.

As John Gardner, the former Secretary of Health, Education and Welfare in the United States points out, "all modern societies, capitalist or communist, are moving toward even larger and more inclusive systems of organization, toward ever greater dominance of the system's purposes over individual purposes".<sup>10</sup> The attacks directed against the corporation, the government or the university (The Establishment) all rest on the same desire, namely to return to the individual the power to control his own destiny, in popular jargon, "to do his own thing". Individualism is, of course, the basis of our liberal-democratic system. Our culture reflects this central proposition, but our institutions tend to reflect an entirely different set of values.

The over-emphasis placed on economic goals in our society is a prime example of how our institutions have evolved in a direction that re-inforces the predominance of the collective whole over the individual. We have very specific economic goals such as growth, full employment and rising levels of income. These goals are recognized and accepted by government, labour unions, agriculture and business. The economic goals, not the goal of individual freedom, are used to justify the institutional adjustments that have taken place in our society, particularly the growth of corporations, unions and corresponding growth of government. The question seldom asked is growth for what purpose?

The impact of economic goals on our value system has been outlined by Kenneth Boulding.

"The major impact of economics on ethics, it can be argued, has come about because it has developed broad, aggregate concepts of general welfare which are subject to quantification. We can see this process going right back to Adam Smith, where the idea of what we would today call per capita real income as the principal measure of national well-being, has made a profound impact on subsequent thinking and policy."<sup>11</sup>

Almost all our energies are devoted to the pursuit of our economic objectives. The debate between the capitalist and the socialist is usually couched in terms of the best way of achieving economic growth.

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<sup>10</sup>*Time*, April 11, 1969, pp. 36-37.

<sup>11</sup>Kenneth Boulding, "Economics as a Moral Science", *The American Economic Review*, March, 1969, p. 7.



We seldom ask whether our single-minded pursuit of our economic objectives interferes with individual purposes. Indeed we assume that there is no conflict between individualism and growth, and that the economic goals must be achieved if the liberal-democratic ideal of individual freedom is to be achieved.

The perceptive social critic, however, has begun to ask whether the pursuit of economic goals is not creating an institutional framework in which the ideal of individualism is gradually being superseded by a new collectivism, infinitely preferable to the collectivism of facism, but collectivism nevertheless.

The revolutionary who looks to anarchy as a solution has, as Garner puts it:

“fallen victim to the old and naive doctrine — that man is naturally good, humane, decent, just and honourable, but that corrupt institutions have transformed the noble savage into a civilized monster. Destroy the corrupt institutions, they say, and man’s goodness will flower. There isn’t anything in history or anthropology to confirm this thesis, but it survives down the generations.”<sup>12</sup>

The challenge we face is not to destroy the system painstakingly created but to redirect it through institutional reforms so that our institutions reflect our cultural heritage and our liberal-democratic value system jointly based on individual liberty and democracy. The solution to poverty is, therefore, not simply the further elaboration of programs and policies, predominantly related to our narrow economic objectives. It is to restructure our institutions so that they reflect the liberal-democratic value of individualism.

If this is not done we may introduce programs that cure the disease of poverty at the cost of individual freedom. Solutions, particularly those that deny ultimate individual responsibility and rely instead on collective responsibility exercised through compulsory state action, will push us inevitably down a road on which we have already gone too far.

This does not mean that the goal of economic growth is in any way inimicable to the realization of our broader goal of individual freedom. Nor is there anything inherently evil in the creation of large and

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<sup>12</sup>*Time*, April 11, 1969, p. 37.

complex institutions. The criticism of present trends is directed primarily at the failure of the large institutions to reflect our basic values adequately.

Gardner has said:

“We must identify those features of modern organization that strengthen the individual and those that diminish him. Given such analysis, we can design institutions that would strengthen and nourish each person. In short, we can build a society to man’s measure, if we have the will.”<sup>13</sup>

As long as growth is the central objective of our economic institutions, and as long as our social and political institutions reinforce this predominantly economic objective, individual freedom inevitably tends to be given second place. It becomes an objective to which we give lip service while we proceed constantly to narrow the limits of individual control over his own destiny.

In this situation, alienation, loss of personal identity, political apathy, and all the other symptoms of the ills of mass society become increasingly evident. If we accept the view of man as merely a producer or a consumer — the classical economic man — then the depersonalisation and collectivisation of the human condition presents no problem. But, if we attribute to mankind any broader purpose, the collectivist society must be rejected.

### **Social Change and Institutional Reform**

To move from the pressing and very real problems of the culture of poverty to a discussion of institutional reform may seem, at first glance, fiddling while Rome burns. It can be argued that what is needed are more effective programs, not more talk. This very practical criticism of the approach taken here would be justified if, indeed, there was any program that could be introduced to eradicate poverty. But, alas, such is not the case.

The process of change has not stopped. It has accelerated. Continuing change has presented new opportunities for social mobility. Some have benefited, some have suffered, but few have remained untouched by the process.

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<sup>13</sup>*Time*, April 11, 1969, p. 36.

Institutions have developed in response to change. Labour unions, for example, have tried to ensure their members have shared in the growth of national income and have worked to protect their members from the adverse effects of technological change. Professional associations have developed to do the same thing for their members. Farmers have attempted to use a variety of devices, including the exercise of political power, to have government intervene in the process of change to protect their interests.

All of these groups in our society have reacted to change, some by attempting to control it for their own benefit, some by attempting to restrict change. Generally speaking the effectiveness of their response has been directly related to their degree of organization.

On the other hand one of the larger unorganized elements in society, the poor, have had no voice and little power because of their isolation and dispersion. More recently there has been a general movement towards organization of new groups, exemplified by tenant associations in urban centres, "red power" groups among Indians, "black power" groups and other similar types of organizations. The basic idea is always the same, united they count (politically and economically), divided they cannot effectively do anything about their situation.

It would be a tragedy if this process led to the polarization of society into two camps: a militant minority organized into groups representing the poor lined up against the affluent majority. Such an alignment could have serious consequences for Canada. But, if we fail to reform our existing institutions such a polarization could occur.

There is a trend toward militancy in organizations associated with poverty groups in our society. We have witnessed the heightening of tensions and the sporadic outbreaks of violence in the United States, Great Britain and other countries. We have had similar experiences in Canada.

These are warning signs of the dangers inherent in a situation that inhibits adequate communication across class, religious, racial and economic lines. And it would be equally foolish not to recognize that there are groups in society which will attempt to exploit the cleavages that exist. Violence for the sake of violence is an acceptable political weapon for fringe groups on the political spectrum.

To pretend that all this is a problem of other people in other countries dealing with other problems is to ignore the implications of the "global village". Canadians, no less than anyone else, are profoundly influenced by what happens in the world around them.

These problems are not going to be ameliorated solely by government action, although government action is needed. There must be a more broadly based commitment on the part of all organized groups — labour unions, churches, voluntary associations, corporations — to remove the barriers, whether conscious or unconscious, to the integration of the poor into the mainstream of society, economically, politically and socially.

For the most part, the poor are not active participants in society. Voluntary associations, run, in the main, by well-meaning and dedicated people, have tended to plan and implement anti-poverty programs without consultation and discussion with the very people their programs are designed to aid.

The real challenge is to reform the existing institutions so that the poor can take part in the process of decision-making. Institutional reform designed to open up channels of communication and contact with the poor is, therefore, the first priority in any realistic and comprehensive attack on the culture of poverty. And this must not be mere tokenism.

Without active participation and communication, the dichotomy between the poor and the affluent remains. Barriers to social mobility will only be removed when the affluent in our society make the effort to remove them. And this process is, of course, a two way street.

Anyone who has been involved in any organization dealing with the "poor" knows how difficult it is to establish meaningful and productive contact. The inherent prejudices built of social differences, educational levels and economic status act to frustrate communication. Dialogue is always difficult to establish and difficult to maintain.

But the effort must be made, and made by everyone involved. Only when the pervading sense of apathy and mutual distrust is removed can anything constructive be accomplished. The problem is always the same — the difficulty in establishing and fostering human relations that transcend the limitations of ethnicity and social class.



That the poor must become involved in the programs that are implemented to eradicate their poverty is now generally accepted. The overriding difficulty is how this goal can be achieved.

There are no easy answers. To ignore the reality of the problem of meaningful communication would, however, be patently wrong. The establishment of real communication links between the affluent and the poor in our society is fraught with difficulties, promises nothing but frustration: but it must be accomplished. To refuse to take up this challenge, to retreat to the old attitude of providing a hand-out, would be disastrous. "Institutionalized charity", no matter how well intentioned, denies the basic dignity and humanity of the recipient.

### **Political Reform**

Not the least of the institutions that need to be reformed to meet changing conditions is government itself.

In many ways the whole poverty problem can be traced to our failure to adapt our political process to changing conditions in our society. Many of our basic institutions were created to meet the needs of a pre-industrial society and have failed to respond to change.

Dealing with the specific problem of rural poverty, Dr. C. E. Bishop, the executive director of the U.S. National Advisory Commission on Rural Poverty, has said:

"There has been less change in local government structures than in economic and social structures. There is, therefore, a widespread failure on the part of local governments to prepare people for living in the modern economy."<sup>14</sup>

This criticism of the failure of political institutions to change with the times can be applied equally to the federal, provincial or local governments in Canada.

Politics has been defined as "the activity by which differing interests within a given unit of rule are conciliated by giving them a share in power in proportion to their importance to the welfare and survival of the whole community".<sup>15</sup>

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<sup>14</sup>*The People Left Behind* an address by Dr. C. E. Bishop to the U.S. Department of Labour, Seminar on Manpower Policy and Program.

<sup>15</sup>Bernard Crick, *In Defense of Politics*.

If significant segments of the community have no involvement in the decision-making process because they are politically inarticulate, the political system is not working properly.

Because of its central position in our contemporary society, government is called upon to intercede in the process of change to protect or enhance the interests of organized and politically articulate groups. To a large extent the response of government is related to the political or economic power, real or imagined, of the groups that contest with each other for the favours that government can bestow.

In this world of disputes, claims and counter claims for government aid and assistance, the voice of the poor is scarcely audible. Without the vocal support of more politically influential individuals and institutions in the community, the problems of the poor would be ignored.

The very fact that the poor do not speak for themselves and depend upon others to champion their cause, whether it be a political party, a newspaper, a church or some other institution, is further evidence of the need for more effective communication with the disadvantaged groups in our society.

This raises the very real question of who speaks for the poor in our political system. If it is true that some 20 per cent of all Canadians live in poverty, what organizations can truly say that they represent this political constituency? Or are there significant groups in our society, lacking organization and leadership, that do not have a voice?

The need for more effective representation of interests in our political system was recently acknowledged in the dispute over the new ward system for the City of Toronto. The decision of the Ontario Municipal Board, supported by the provincial cabinet, to insist on a block ward system was based on the consideration of adequate community representation.

Geographical representation is, of course, only one aspect of the problem of effective communication in our political system. This whole question has been a contentious issue of political science for many years and no satisfactory solution has yet been devised. The important point to note, however, is that in both academic and practical political circles, the related problems of representation and communication in our political system is of primary concern. Most political

parties are experimenting with new methods of establishing more effective contact with the electorate, and participatory democracy has become a popular catch-phrase. Poverty, therefore, raises very fundamental questions about the adequacy of our basic political institutions.

It is useful to examine our institutions from a problem-solving point of view. From this perspective we can see how they have failed to respond to change and the emergence of new social and economic problems. As with any organization, it is necessary from time to time to restructure in order to keep the institution attuned to the changing world.

By using the problem of poverty as a starting point, we can also gain new insights into the inadequacies in the present division of powers and responsibilities both among various levels of government and within the departments and agencies of government at each level.

Again, if one accepts the proposition that government is a problem-solving agency, it follows that the structure of government should be related to the kinds of problems one is tackling. In 1867, for example, a central issue of political life was the construction of a transportation system to unify the scattered colonies. The emphasis placed on this problem led directly to the decision on the division of responsibilities between the federal and provincial governments. This division may not be particularly relevant to the type of problem with which we must deal in the 1970's.

At the present time the programs designed to deal with poverty are badly splintered into a host of operating agencies located in all three levels of government in our federal system. It is difficult to see how any comprehensive and coordinated approach to poverty can be achieved in this unwieldy structure.

What is desperately needed is a new and fresh approach to institutional arrangements to facilitate rather than frustrate the development and execution of anti-poverty programs.

While it must be acknowledged that there are real difficulties in changing constitutional arrangements to rationalize our approach to poverty, this does not apply to the internal arrangement within levels of government. Despite the relative ease with which internal organizational changes can be affected, there is a bewildering variety of programs operated at both the provincial and federal levels with completely inadequate mechanisms for horizontal coordination.

Once again it is not our purpose to comment on the specifics of organization and structure within any level of government. The inescapable conclusion of even the most cursory review of the present situation, however, is enough to convince anyone that the present allocation of functions among departments in government at the federal and provincial level is not designed to promote effective policy and program implementation in the fight against poverty.

Indeed the nature of a great many of the problems we are facing today — poverty, pollution, urban and regional planning, housing — demand new institutional arrangements. The ad hoc, crisis-oriented structures that have emerged as a result of the growing involvement of government in new areas of concern must be reformed. And the basis of this reform must not be internal political expediency but the conscious effort to create meaningful organizations that relate directly to the problems and to the people with which they must deal.

### **The Knowledge Gap**

The emphasis placed on institutional reform in this report should not be interpreted as a deliberate attempt to understate the very real social and economic problems that, taken together, are usually classified as symptoms or characteristics of poverty. Institutional reform is stressed simply because the failure of our social, economic and political institutions to respond to change has been the prime cause of poverty.

Institutional reform is, therefore, basic to any attempt to eradicate poverty in our society. To ignore it inevitably leads to the development and implementation of programs that treat symptoms rather than underlying causes. This, more than any other factor, explains why massive attacks on poverty, such as that launched in the United States in 1964, have only been partially successful.

At the same time, however, it would be wrong to assume that there is no need to treat the symptoms of poverty with specific remedial programs. Institutional reform is the long-term answer, but the short-term problems must be dealt with immediately. What is needed is a balanced approach that uses specific programs to remedy the environmental and individual problems associated with poverty and, at the same time, to adopt a conscious policy of reform of our institutions to open up channels of communication with the poor in all sectors of our social, economic and political life.



And it is far less difficult to remove the worst characteristics of poverty (poor housing, low incomes, poor health) than it is to remove barriers to social and economic mobility in our society. Treatment of the characteristics of poverty requires only the expenditure of sufficient money on welfare, housing or other programs. Institutional reform requires a far more intense commitment on the part of individuals in all walks of life.

Having said this, however, there remain the visible environmental and individual problems. The solution of these should be viewed against the following principles.

1. It is in the best interests of the taxpayers as a whole, as well as of those persons being directly aided by development and welfare oriented programs, to ensure that such funds as are made available reach the recipients with a minimum of overhead costs. Jurisdictional conflicts and the number of persons engaged in "servicing" the poor must be held to a minimum. Too often today any attack on poverty problems has a built-in staffing cost far out of proportion to the number of persons aided and the extent of the aid given.

2. Policies and programs should be continuously reviewed in the light of individual application to ensure that their net effect is not to lock the poor into their existing culture but to give them the opportunity and motivation to escape from it.

Only through the acquisition of a much more adequate body of knowledge and its public dissemination is it possible to determine the appropriate types of programs and structures required to solve our social problems. The most effective method of so doing is found in the limited action research project which is at the outset labelled experimental and carries no commitment for general application until its results have been thoroughly evaluated.

Poverty is a prime example of the type of multifaceted problem that creates difficulties of coordination and integration of programs in governmental structures established in the past to meet specific and limited problems. The growth of government, in recent years, has not been based simply on doing more of the same thing, but on the proposition that government should enlarge its sphere of operations to tackle problems in our society that traditionally had been considered outside the realm of public concern. The expansion of government services has, moreover, tended to remove the distinctions that once

existed among various public agencies. To-day, for example, over a dozen departments of the government of Ontario are directly involved in some aspect of education and training.

What is needed is far more effective and integrated social and economic planning. By planning we do not mean that the government should replace the market system by introducing governmental controls over all aspects of our social and economic life. Social and economic planning, in the sense we are using the phrase, refers to the development and implementation of policies, programs and administrative structures that maximize the benefits to the poor and minimize the cost to the taxpayer.

This may well require substantial changes in our present division of taxing powers and responsibilities. But it would be a tragedy if we allowed jurisdictional considerations to put us in a straight-jacket of ill-conceived and badly splintered administrative structures that inevitably lead to waste and inefficiencies.

Social and economic planning in government also, of course, raises the very real need for coordination with the private sector. There is, for example, a growing recognition of the need to improve the present distribution of incomes in our society. Government programs, designed to achieve this end, will have a serious impact on the private sector of the economy. In a nutshell, the problem is how to find a suitable balance between equity and growth, between state intervention and the free enterprise system.

The question is how far can we go in reducing inequalities and what methods are open to us to pursue such a policy. With the existing state of our knowledge on these issues, all that can be said is that there are some very difficult choices to be made.

The obvious need for improved educational and training programs has been known for some time. In addition there is now a growing body of support for radical changes in our welfare system. Housing is another area where there has been a great deal of new thinking.

What is encouraging in the present discussion of change in our traditional approach to the problem of poverty is the realization, on all sides, of the need for broader involvement of people. This is true in urban renewal, in the new Indian policy suggestions, in community programs and in other areas.

We have, in the past, talked of the idea that our programs should help people help themselves. To make this slogan a reality it is necessary to involve people in their development and implementation. This is not a new idea, but it has too often been ignored in practice because it is very hard to do.

All this points up the very real problem of inadequate knowledge of the workings of our social and economic system. This is one of our major problems. We do not know enough about what should be done nor the implications of existing or proposed programs.

What is needed is a far larger investment in social science research in this country and this province. We cannot import ready-made solutions from other countries and other cultures. This is not to say that we cannot borrow a welfare scheme or a job-training program from another country. We can, but we must adapt that scheme or program to meet domestic requirements. We need basic research into all aspects of our society, and we need applied research.

Moreover the enormous cost of welfare and developmental programs are such that we can no longer afford to try out elaborate and expensive schemes without more adequate knowledge of their costs and benefits, short run and long run. What is needed is far more social experimentation on a small scale. The Ontario Economic Council has, for example, recommended to the Ontario government that this approach be used in dealing with rural poverty.

Let us admit for once that we don't have all the answers. Let us try out new ideas on a localized experimental basis and see what happens. If we succeed the program can be expanded. If we fail, at least we have learned something, and the cost is limited.

The present debate over the concept of a guaranteed annual income is a case in point. We do not have adequate income and expenditure data. We do not have sufficient knowledge about how people behave, what motivates them, what restricts or limits initiative. We do not have a comprehensive body of knowledge on human behaviour, economically, politically or socially, to make anything more than a guess as to the possible effects of any such scheme.

In this state of blissful ignorance we cheerfully debate the pros and cons of the most revolutionary idea in welfare economics in decades. Will we go on with the debate for years, as we did with pensions or

medicare, or will we set out to develop the appropriate information and experience?

Pilot projects should be an essential element in any continuing attempt to eradicate poverty in our society. By experimenting with new ideas we will generate the knowledge needed to deal with human problems and learn how to apply that knowledge through effective and meaningful administrative structures.





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